

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Competitive Products Price Changes  
Rates of General Applicability

Docket No. CP2016-9

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued October 26, 2015)

To clarify the Postal Service's planned competitive product price adjustments as described by the Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 15-1<sup>1</sup>, the Postal Service is requested to provide written responses to the following questions. Answers should be provided no later than November 2, 2015.

Please refer to Governors' Decision No. 15-1, and the Attachment, Part B: Competitive Products, containing the draft text of the Mail Classification Schedule (MCS) for questions 1-5.

1. Pursuant to 39 C.F.R. § 3015 *et seq.*, please provide an explanation and justification for the following changes to the MCS:
  - a. In Section 2115.1, the revision of the \$3.00 fee to forward or return Parcel Select pieces to "an applicable fee." If the "applicable fee" is fixed, please explain what the fee is. If the "applicable fee" is not fixed, please explain how the fee is calculated.
  - b. In Section 2115.4, the rebranding of the price category "Machinable Lightweight Parcels" as "Parcel Select Lightweight."

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<sup>1</sup> Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 15-1, October 16, 2015.

- c. In Section 2115.4, the addition of “SCF DNDC and Origin entry levels Commercial eligible” to the Parcel Select Lightweight price category.
  - d. In Section 2115.4, the addition of “Single-Piece” to the “Mixed NDC Origin entry level Commercial eligible” component of the Parcel Select Lightweight price category.
  - e. In Section 2115.4, the elimination of the “Irregular Lightweight Parcels” price category from Parcel Select.
  - f. In Section 2115.6, for each price category, the revision in paragraph d, “Forwarding and Returns,” that provides that customers using Address Correction Service with Shipper Paid Forwarding/Return, and also using an Intelligent Mail package barcode, pay a \$1.50 fee to forward or return Parcel Select pieces.
2. Governors’ Decision No. 15-1 justifies eliminating several price categories based on “insufficient volumes” or low customer demand. Please explain how the Postal Service determined that the following price categories had “insufficient volumes” or low customer demand and should be eliminated:
  - Priority Mail Express Flat Rate Box
  - Priority Mail Regional Rate Box C
  - Priority Mail Critical Mail
  - Parcel Select Original Network Distribution Center Presort
  - Parcel Select Network Distribution Center Presort
  - Parcel Return Service Return Network Distribution Center
  - Priority Mail Express International Flat Rate Box
  - Priority Mail International Regional Rate Box C
3. Refer to Governors’ Decision No. 15-1 at page 2, where it states that in January 2016, the Commercial Plus prices will match the Commercial Base prices for Priority Mail Express and that the Postal Service’s long term goal is to eliminate the Commercial Plus category. As Commercial Base and Commercial Plus

planned prices for Priority Mail Express are equivalent, please explain why the Postal Service will retain the Commercial Plus price category.

4. Refer to Governors' Decision No. 15-1 at page 4, where it states that "[t]o simplify the First-Class Package Service, the 3-digit, 5-digit, and ADC presort levels will be eliminated."
  - a. First-Class Package Service was formerly commercial First-Class Parcels, a market dominant product. When the Postal Service requested Commission approval for the transfer of commercial First-Class Parcels from the market dominant product list to the competitive product list, the Postal Service stated that one distinguishing characteristic between retail First-Class Parcels and commercial First-Class Parcels is that commercial First-Class Parcels offered the 3-digit, 5-digit, and ADC presort price categories.<sup>2</sup> Please explain what distinguishes First-Class Parcels from First-Class Package Service if the Postal Service eliminates the 3-digit, 5-digit, and ADC presort levels of First-Class Package Service.
  - b. Please confirm that First-Class Package Service is an offering exclusively available to commercial customers. If confirmed, please point to proposed MCS language stating such in Attachment, Part B: Competitive Products.
  - c. Please explain how the Postal Service will distinguish Single-Piece First-Class Package Service pieces dropped off at retail facilities or other non-bulk mail entry units from First-Class Mail Parcel mail pieces for volume and cost calculation purposes.
  - d. Pursuant to 39 C.F.R. § 3020 subpart E, please provide supporting justification for the proposed changes to section 2125 of the MCS; including:

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<sup>2</sup> Docket No. MC2011-22, Request of the United States Postal Service Under Section 3642, February 24, 2011, Attachment B at 2.

- i. A description and rationale for the proposed changes to the product description.
  - ii. An explanation of why the proposed changes will not result in the violation of any of the standards of 39 U.S.C. § 3633 and 39 C.F.R. part 3015.
  - iii. A description of the likely impact that the changes will have on users of the product and on competitors.
5. Please explain how the new annual fee established for the International Service Center zone chart will be applied to Priority Mail.
6. The Postal Service filed supporting financial information and an Application for Non-Public Treatment with its Notice. Notice at 1. In the folder titled “International,” for each of the three spreadsheets, please refer to the worksheet tab “Revenue and Volume.” Please provide revised worksheets excluding Market Dominant letter products. Please also provide revised Contribution Reports based on the revised worksheets.

By the Acting Chairman.

Robert G. Taub